demonstration of past reliance on an MTF for pharmacy services.

2. Analysis of Major Public Comments

One public comment urged prompt action to implement the program in base closure sites; another commenter suggested establishment of a timetable for defining eligibility and documentation requirements. Another recommended that the definition of beneficiaries affected by the closure of an MTF not be limited to the 40-mile catchment area. Another recommended that eligible Medicare beneficiaries should include all who used the closed pharmacy within the past 12 months.

Response. We agree with the comments provided, and have clarified in the final rule the special rules for eligibility of Medicare beneficiaries for this program.

3. Provisions of the Final Rule

The final rule is consistent with the proposed rule, except that it clarifies the procedures for establishing eligibility for Medicare beneficiaries who live outside the former catchment area of a closed facility. Medicare beneficiaries who obtained pharmacy services at a facility in its last 12 months of operation (or the last twelve months during which pharmacy services were available to non-active duty beneficiaries) will be deemed to have been reliant on the facility; they can establish their reliance through a written statement to that effect.

The pharmacy provisions of the rule are part of the Department's efforts to consolidate its pharmacy programs, and move towards a uniform pharmacy component for TRICARE.

L. PRIMUS and NAVCARE Clinics (Section 199.17(1))

1. Provisions of Proposed Rule

The proposed rule added a new section 199.17(1). Under the authority of 10 U.S.C. sections 1074(c) and 1097, this section would authorize PRIMUS and NAVCARE Clinics, which have operated to date under demonstration authority. This provision would have made permanent the PRIMUS and NAVCARE Clinic authority.

In the proposed rule, we proposed that PRIMUS and NAVCARE Clinics would function in a manner similar to MTF clinics that, as under the demonstration project. As such, all beneficiaries eligible for care in MTFs (including active duty members, Medicare-eligible beneficiaries, and other non-CHAMPUS eligible beneficiaries) would be eligible to use PRIMUS and NAVCARE Clincis. For

PRIMUS and NAVCARE Clinics established prior to October 1, 1994, CHAMPUS deductibles and copayments would not apply. Rather, military hospital policy regarding beneficiary charges would apply. For PRIMUS and NAVCARE Clinics established after September 30, 1994, the provisions of the Uniform HMO Benefit regarding outpatient cost sharing would apply (see section 199.18(d)(3)). Other CHAMPUS rules and procedures, such as coordination of benefits requirements would apply. The Director, OCHAMPUS, could waive or modify CHAMPUS regulatory requirements in connection with the operation of PRIMUS and NAVCARE Clinics.

2. Analysis of Major Public Comments

Several commenters sought Clarification of the fees applicable to PRIMUS and NAVCARE clinics established after September 30, 1994, whether Medicare eligibles would be allowed to use the clinics or even enroll in TRICARE using PRIMUS or NAVCARE clinics as primary care managers, and whether PRIMUS and NAVCARE clinics will be limited to space-available care for non-enrollees.

Response. The Department has determined that no new PRIMUS or NAVCARE Clinics will be established, so the distinction made in the proposed rule between existing and new clinics is no longer necessary. As TRICARE is implemented over the next few years. existing PRIMUS and NAVCARE Clinics will be phased out; PRIMUS and NAVCARE Clinics may be converted into TRICARE Outpatient Clinics, as described below, or similar clinics may emerge as components of the managed care support contractor's network. TRICARE Outpatient Clinics will be Army, Navy or Air Force military medical treatment facilities (MTFs): the Government will operate the facilities, credential providers, and be liable for care provided therein; the clinic will be staffed with military personnel, civilian Federal employees, or contractors, or a combination of these; the clinic providers will be direct care primary care managers for TRICARE enrollees (see section 199.17(n)(1)); access priority for care in TRICARE Outpatient Clinics will be the same as for MTFs (see section 199.17(d)(1)); cost sharing for services in TRICARE Outpatient Clinics will be the same as in MTFs (see section 199.17(m)(6)); and collections from third-party insurance will be under the provisions of 32 CFR Part 220, which establishes rules for collections by facilities of the Uniformed Services. Incidentally, the Department is developing a financing approach for

TRICARE in which MTF funding will be based on a capitated payment per person enrolled with an MTF primary care manager, and TRICARE managed care support contractors will receive a capitated payment per enrollee with a civilian primary care manager. Under this approach, it is our intention to include funding of TRICARE Outpatient Clinics within the MTF capitation, so that their operation will be a part of the direct care system rather than part of the managed care support contract. Any outpatient clinics or similar facilities established or operated by TRICARE managed care support contractors will be components of the civilian provider network, and will utilize the cost sharing requirements specified in section 199.18(d)(3), which establishes outpatient cost sharing requirements for the Uniform HMO Benefit. These include specific dollar copayments for physician office visits and other routine care, mental health visits, ambulatory surgery services, and prescription drugs, as well as cost sharing percentages for durable medical equipment.

Medicare-eligible military beneficiaries will be eligible for care in TRICARE Outpatient Clinics on a space-available basis, but they will not be allowed to enroll in TRICARE Prime (see section 199.17(a)(6)(i)(D)), unless they have dual CHAMPUS-Medicare eligibility.

3. Provisions of the Final Rule

The final rule is consistent with the proposed rule, except that it is clarified that operation of a PRIMUS and NAVCARE Clinic will cease upon initiation of a TRICARE program in the location of the PRIMUS or NAVCARE Clinic.

M. Consolidated Schedule of Beneficiary Charges (Section 199.17(m))

1. Provisions of Proposed Rule

This paragraph establishes a consolidated schedule of beneficiary charges applicable to health care services under TRICARE for Prime enrollees (other than active duty members), Standard participants; and Medicare-eligible beneficiaries. The schedule of charges is summarized at Table 1, following the preamble. As demonstrated by the table, TRICARE provides for reduced beneficiary out-of-pocket costs.

Included in the consolidated schedule of beneficiary charges is the "Uniform HMO Benefit" design required by law. This is further discussed in the next section of the preamble.